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DEFENSE SYSTEMS MANAGEMENT COLLEGE



PROGRAM MANAGEMENT COURSE INDIVIDUAL STUDY PROGRAM

THE CONTRACTING OFFICER AND THE PROGRAM MANAGER:
AUTHORITIES, RESPONSIBILITIES AND RELATIONSHIPS
WITHIN THE NAVY WEAPON SYSTEM
ACQUISITION MANAGEMENT ARENA

STUDY PROJECT REPORT
PMC 77-2

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FORT BELVOIR, VIRGINIA 22060

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DEFENSE SYSTEMS MANAGEMENT COLLEGE

STUDY TITLE:

THE CONTRACTING OFFICER AND THE PROGRAM MANAGER:
AUTHORITIES, RESPONSIBILITIES AND RELATIONSHIPS
WITHIN THE NAVY WEAPON SYSTEM ACQUISITION MANAGEMENT ARENA

STUDY PROJECT GOALS:

To examine the current governing directives, the implementation thereof by the Navy and the actual relationship which exists, as found at the Naval Sea Systems Command Headquarters.

STUDY REPORT ABSTRACT:

The purpose of this research effort has been to investigate the relationship which exists between the Contracting Officer and the Program Manager. The scope of the effort was necessarily restricted to an examination of that relationship as found at Naval Sea Systems Command Headquarters, Washington D.C. in order to make the effort more manageable. In order to achieve the stated goals, a brief examination of the authorities and responsibilities of the Procuring Contracting Officer (PCO) as set forth in the Armed Services Procurement Regulations was undertaken. This was followed by a brief review of the two major documents providing guidance and establishing the authorities and responsibilities of a Navy Program Manager, namely the Department of Defense Directive 5000.1 and Secretary of the Navy Instruction 5000.1. In order to look at the "real world" relationship as found at NAVSEA, interviews were conducted with a program manager, the business manager for a second Program Office, and their respective contracting officers. The intent was to ascertain the nature of conflict which may result from the utilization of "matrixed" program management, and to see whether this resultant conflict has been "healthy" and progressive or detrimental to the major systems acquisition process. As a result of this research effort, it was concluded that two of the potential sources of conflict identified were considered to be of a healthy nature, while the third sometimes led to unresolved differences. The report may provide those about to enter the field of major weapons system acquisition management with some insight into the roles which the Project Manager and Contracting Officer play and how they have related to one another in the Navy Acquisition arena.

SUBJECT DESCRIPTORS:

Program/Project Management (10.02), Organization (10.02.02)
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Robert A. Forney, Lt. USN

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THE CONTRACTING OFFICER AND THE PROGRAM MANAGER:
AUTHORITIES, RESPONSIBILITIES AND RELATIONSHIPS
WITHIN THE NAVY WEAPON SYSTEM ACQUISITION MANAGEMENT ARENA

Individual Study Program
Study Project Report
Prepared as a Formal Report

Defense Systems Management College
Program Management Course
Class 77-2

by

Robert Allen Forney
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November 1977

Study Project Advisor
Joseph L. Hood, Ph.D

This study project report represents the views, conclusions
and recommendations of the author and does not necessarily
reflect the official opinion of the Defense Systems Management
College or the Department of Defense.

EXECUTIVE SUMMARY

This study effort has as its purpose a brief examination of the influence that conflict has upon the relationship which exists between the Navy Program Manager and his functional support organization representative the Procuring Contracting Officer (PCO). The report first briefly examines the authorities and responsibilities of the PCO as set forth in the Armed Services Procurement Regulations (ASPR). The thrust of the discussion is then shifted to the Program Manager, by looking briefly at the historical development of the major weapons system acquisition management. This development led to the issuance in July 1974 of the first Department of Defense Directive 5000.1, and it is the latest revision thereof which provides the guidance (primarily at the Service Secretary level) for Program Management. The authority and responsibilities of the Program Manager are then treated by reviewing the current Secretary of the Navy (SECNAV) implementing instruction, SECNAVINST 5000.1.

Having established the policy guidelines for the interaction between the Program Manager and his Contracting Officer, an examination of the "real world" relationship as found at Naval Sea Systems Command Headquarters, Washington D.C. (NAVSEA) is undertaken. This is done in order to ascertain the nature of conflict which may result from the utilization of "matrixed" program management, involving the placement of functional resources outside the scope of the direct line authority of the Program Manager.

Recognizing that conflict has both positive, "healthy", as well as negative effects upon any organizational environment, interviews were conducted with a Program Manager, the Business Manager for a second Program Office, and their respective contracting officers. In order to achieve a truly frank

and meaningful discussion with all participants, remarks of the interviewees have been set forth in a non-attribution fashion.

It is hoped that this report may provide those about to enter the field of major weapons systems acquisition management some insight into the roles which the Contracting Officer and the Program Manager play, and how they relate to one another in the Navy acquisition arena.

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SECTION I

INTRODUCTION

The process of acquiring weapons systems within the Department of the Navy has evolved into one involving billions of dollars, and reaching a level of sophistication such as that achieved today in the acquisition of a modern nuclear-powered aircraft carrier. Central to this process are the individual acquisition programs, the management of which has also evolved over the years.

In the 1950's, those within the hierarchy of the Department of Defense (DOD) recognized the need to change the current way of doing business due to increasing complexity thereof. "Program management offices were introduced into the weapons acquisition process to centralize and strengthen the management and allocation of resources for programs most critical to the nation's Defense".¹ Moreover, within the Program Management Office, the role of the Program Manager, as the key management figure was envisioned as that of overseeing "the Department's effort to acquire, deploy, operate, and support major weapons systems of proven capability, within approved schedules and budgets".²

However, in dealing with contractors, the program manager must work through a second key figure in the acquisition business, namely the procuring activity's representative, the contracting officer. This official "is any person, military or civilian, who is formally assigned the authority to enter into and administer contracts in the name of the United States Government".³ The contracting officer is bound by the Armed Services Procurement Regulations as well as other service and command directives to act in a manner described therein when discharging his duties. "His fundamental responsibility is to

carry out the requirements of law and to follow procedures of his military department to serve the 'best interests' of the government".⁴

From the foregoing, it can be seen that the Program Manager has been tasked with a mission involving the total responsibility for his program from the "cradle to the grave". On the other hand, the Contracting Officer in the Navy environment, is under the ultimate control of the procuring activity which provides functional support to the program as required.

This environment, where the resources for doing the work are largely outside of the line authority of the program manager, is a natural source of conflict.⁵

As Richard Mankin has pointed out in his thesis concerning the authorities and responsibilities of the Department of Defense (DOD) Contracting Officer and Systems Manager,

the opposing authorities and responsibilities may be a sign of health in the DOD -- up to a point.⁶

Purpose of the Study Project

This research effort investigates the relationship which exists between the Contracting Officer and the Program Manager, operating within a major Navy Systems Command headquarters. Specifically examined will be the effect which conflict has had upon this relationship.

Specific Goals of the Project

In addressing this relationship, the doctrine will be examined, which delineates the authorities and responsibilities of each of these two individuals and thereby determines the role that each shall play in the acquisition process. To facilitate this discussion, the following questions will be treated:

First, what are the major governing directives which set forth this doctrine?

Second, what are these authorities and responsibilities expounded in these governing directives?

Having accomplished this, the potential for conflict as a result of implementation of and adherence to the governing directives will be addressed. Herein, several problem areas will be identified and examined, in the context of the everyday working environment of two Program Offices. In essence, the test of the clarity and adequacy of a directive can be gauged by examining that which results from its implementation in the field. Although it is not the purpose of this effort to evaluate each directive in these terms, the degree with which the Service Secretary Instruction (SECNAVINST 5000.1) provides for the resolution of conflict will, however, be briefly addressed.

Finally, the subject of whether the conflicts as found have tended to promote a "healthy", progressive atmosphere or one which has been detrimental to systems acquisition management, will be dealt with in concluding this research.

Limitations of the Report

In order to deal adequately with the subject matter to be presented in the time available, it has been necessary to place the following constraints on the scope of this undertaking from the outset.

The Naval Sea Systems Command Headquarters, Washington D.C. has been chosen as the weapons system acquisition management activity for purposes of this study. While it must be recognized that other systems acquisition commands within the Department of the Navy may not deal with the subject in exactly the same manner, nevertheless, the fundamental governing directives impacting upon all levels are necessarily the same for each of the commands. By focusing the effort on NAVSEA, the collection of research information has

been brought to a more manageable level consistent with the undertaking.

When looking at program management within NAVSEA, this study effort will concentrate on those acquisition programs which have been classified as major system acquisitions within the context of DOD Directive 5000.1. These are programs so designated by the Secretary of Defense at the request of the applicable DOD Component Head, or an official within the Office of the Secretary of Defense, and which will involve an estimated expenditure of \$75 million in RDT & E or \$300 million in production funds. Imposition of this limitation is not detrimental to the achievement of the stated goals. It is precisely those programs falling within this category which have the highest visibility, highest priority and involve the greatest acquisition costs. Here potentially, due to these factors, conflicts will surface most readily and if unresolved, will have the greatest impact upon program integrity.

Normally when discussing the Contracting Officer, it is possible to be referring to anyone of three separate officials, namely the Procuring Contracting Officer (PCO), the Administrative Contracting Officer (ACO) and the Termination Contracting Officer (TCO). Pursuing the subject matter at the systems command level, the intent is to examine primarily the functions of the PCO. Those of the ACO and TCO are usually delegated to individuals so designated at the field activities such as the Defense Contract Administration Services. For the purpose of consistency as well as the desire to concentrate on that individual who is responsible for drafting the contract and binding the government thereto, the use of the term contracting officer henceforth may be taken to refer to only the PCO.

Finally, four interviews were conducted at NAVSEA involving a Project Manager, the Business Manager of a second project and their respective

Contracting Officers. The limit of utilizing such a small sample population is acknowledged. It can, however, be stated that each individual interviewed has the experience in his field necessary to provide a very valuable and meaningful contribution, as the two contracting officers have worked at NAVSEA for some years, as has the one Project Business Manager, while the Project Manager is highly experienced in the acquisition business. No attempt to extrapolate from the information thusly obtained, any specific hard and fast conclusions has been made; rather the information has been used only to present a viewpoint concerning the issues developed.

Organization of the Report

The report addresses the specific research questions formulated previously in "Specific Goals of the Project" in the order described below.

Section II deals with the Contracting Officer. The objectives of military procurement are stated, and the responsibilities and authority of the Contracting Officer as set forth in the Armed Services Procurement Regulations (ASPR) are examined.

In Section III, the Program Manager is introduced. The historical development of major weapons system acquisition management is examined, and the main objectives of the present doctrine are highlighted. The authorities and responsibilities of the Program Manager as delineated in DOD Directive 5000.1 are discussed.

Section IV looks at some areas of conflict as a result of the implementation of these various governing directives between the Program Manager and functional organization support personnel, i.e. the Contracting Officer.

Finally, Section V presents by way of summary some concluding, but by no means intended to be conclusive, remarks on the subject at hand.

SECTION II

PROCUREMENT - THE CONTRACTING OFFICER

In examining the role of the Contracting Officer in weapons system acquisition management, the basic question of what is the purpose of military procurement will first be answered. Then the matter of how the Contracting Officer's authority is derived will be addressed. Finally, four major areas of responsibility of the Contracting Officer are briefly examined in order to provide a framework for the discussion of conflict between the Contracting Officer and the Program Manager to be undertaken in Section IV.

The ASPR describes the purpose of procurement as simply to obtain a quality product, in a timely manner, at a reasonable cost to the government. William Thybony, a former chairman of the ASPR Committee, in his article entitled, "What's Happened to the Basics?," in speaking of the legacy of procurement law states:

From the beginning, Federal procurement has been guided by the need to acquire goods and services of specified quality on a timely basis by maximizing competition and obtaining reasonable prices, with the assurance that government officials are publicly accountable for their actions.⁷

These then are the basic objectives of procurement action, and the Contracting Officer in the broad sense, performs those functions so assigned, which will help to further these objectives. But strictly speaking, what of this individual's authority? His authority can be traced from the applicable service secretary, himself delegated the authority by the Secretary of Defense for procurement matters within his service, down to the Head of the Procurement Activity (HPA), who has the responsibility for "the procurement of supplies and services under or assigned to the procurement cognizance of his activity".⁸ The HPA, in discharging his functions, selects and formally appoints

contracting officers who:

are authorized to enter into contracts for supplies or services on behalf of the government, and in the name of the United States of America, by formal advertising, by negotiation, or by co-ordinated or interdepartmental procurement; and when authorized by 20-703 to administer such contracts in accordance with this Regulation. This authority is subject to the requirements prescribed in 1-403 and 1-404 and any further limitations, consistent with this Regulation, imposed by the appointing authority.⁹

Acting under this authority set forth by ASPR and specified in the appointing document or warrant, the Contracting Officer is first and foremost responsible to the HPA for examining the circumstances surrounding an instant procurement and determining which method to utilize in purchasing the required supplies or services. In previous discussion, it was established that formal advertising and negotiation are the two authorized methods of procurement, with the former to be utilized unless one of seventeen exceptions exists allowing the utilization of the latter. However, "no negotiated contract shall be entered into until the determinations and findings required by Section III, parts 3 and 4, with respect to the circumstances justifying negotiation and with respect to any use of a special method of contracting have been made".¹⁰

Having determined the method of procurement to be utilized, the Contracting Officer must then select the appropriate contract type to fit the circumstances. If formal advertising is utilized as the method of procurement, the ASPR states that contracts awarded, "shall be of the firm fixed price type, except that fixed price contracts with economic price adjustment may be used when some flexibility is necessary and feasible".¹¹

However, when looking at the guidance for selection of contract type under circumstances in which negotiation is authorized, the ASPR is much less restrictive. Examine the following:

To provide the flexibility needed in the purchase of the large

variety and volume of military supplies and services, a wide selection of types of contracts is available to the contracting parties....

The specific type of contract should be determined by the degree of risk in contract performance....

Pursuant to the authority of 10 U.S.C. 2306, a contract negotiated under this Section III may be of any type or combination of types described herein which will promote the best interests of the Government, subject to the restrictions described below. Types of contracts not described herein shall not be used, unless pursuant to a deviation under 1-109.¹²

Thirdly, the Contracting Officer has the responsibility to determine the pricing objective of the government to be utilized in arriving at the contract price at the time of contract award. With regard to establishing this objective, the ASPR states that:

It is the policy of the Department of Defense to procure supplies and services from responsible sources at fair and reasonable prices calculated to result in the lowest ultimate overall cost to the Government ...¹³

More specifically, the matter is addressed thusly:

Contracting Officers, or their authorized representatives acting within the scope of their authority, are the exclusive agents of their respective Departments to enter into and administer contracts on behalf of the Government in accordance with ASPR and Departmental procedures. Each contracting officer is responsible for performing or having performed all administrative actions necessary for effective contracting. The contracting officer shall avail himself of all appropriate organizational tools such as the advice of specialists in the fields of contracting, finance, law, contract audit, packaging, engineering, traffic management and price analysis.

To the extent services of specialists are utilized in the negotiation of contracts, the contracting officer must co-ordinate a team of experts, requesting advice from them, evaluating their counsel, and availing himself of their skills. He shall not, however, transfer his own responsibilities to them. Thus, determination of the suitability of the contract price to the Government always remains the responsibility of the contracting officer.¹⁴

Once the contract has been awarded and during its execution, the contracting officer must deal with the matter of contract modification brought about

by a recognized need to change some provision or term of the contract. On this issue, the following discussion is found:

Only contracting officers, as defined in 1-201.3, acting within the scope of their authority are empowered to execute modifications on behalf of the Government. Other Government personnel shall not:

execute modifications,
act in such a manner as to cause the contractor to believe that they have authority to bind the Government, or direct or encourage the contractor to perform work which should be the subject of a modification.¹⁵

The foregoing treatment is demonstrative of the Contracting Officer's specific responsibilities, and is necessarily tailored to the overall thrust of this paper. It is appropriate to now focus the discussion upon the Program Manager, looking first at the historical development of the major weapons systems acquisition process.

SECTION III

MAJOR SYSTEMS ACQUISITION - THE PROGRAM MANAGER

The systems approach to acquisition is not a revolutionary idea, but one which has been around for quite some time. Just how long might be best indicated by using the example cited by Mankin, of the building of an Egyptian pyramid. However, in a more modern context, its usage was not widespread within the military before the Second World War.

As we have seen previously, World War II had an impact upon the procurement process, and likewise it helped to change military acquisition. The high degree of technological advancement and the rapid, innovative pace with which this advancement came about, brought with it the use of the systems approach concept instead of a continued reliance upon the heretofore utilized functional management of acquisition. Again, citing from Mankin, we have such examples as the airframe industry, the Manhattan Project and, much more recently, the Polaris Missile Program. In each case, "the need for an individual manager to exercise authority over planning, direction, and control of tasks essential for development of a designated weapon or equipment system was imperative".¹⁶

During the 1960's, the employment of centralized project management was steadily gaining in acceptance as a way of doing business in all three services. In fact, with this period, "project management became the instrumental process for logistic accomplishment in the Army Material Command and the Naval Material Command. The Air Force, with its system/program management, experienced a similar emphasis of the task-oriented approach".¹⁷

The period 1969 to 1971 marked the final key milestone in the evolution of program management, when the Deputy Secretary of Defense directed his staff

to examine the DOD weapons system acquisition process, looking for ways to improve the policies and procedures in existence at that time. As a result of this effort, Deputy Secretary of Defense Packard issued a memorandum for the Secretaries of the Military Departments and top OSD officials. This was dated 28 May, 1970 and entitled "Policy Guidance on Major Weapon System Acquisition". Brief excerpts are as follows:

We have been considering within the Department, for over a year, ways by which we can improve acquisition programs for major weapons systems. Some steps have been taken which I believe are in the right direction..., and it is now appropriate to move ahead in a concerted effort to firmly establish additional new policies and to implement them.

The prime objective of the new policy guidance is to enable the Services to improve their management of programs... The Services have the responsibility to get the job done. It is imperative that they do the job better in the future than it has been done in the past.¹⁸

This concerted effort to improve program management led to the issuance on 13 July, 1971 of the first DOD Directive (DODD) 5000.1. The current version thereof establishes policy and procedures for the management of major system acquisitions primarily at the DOD Component Head level, i.e., the Office of the Secretary of the Navy. **It also** sets forth specific policy directly applicable to the Navy Program Manager, including the following:

Successful management of system acquisition depends upon competent people, defined responsibilities and authority, realistic objectives, rational priorities and recognition that programs are different and require management flexibility.¹⁹

....The program manager shall be given necessary assistance to establish a strong system program office to achieve the program objectives.²⁰

The DOD Component Head shall define the line of authority and reporting channels between the program manager and the Component Head in the program manager charter. Layers of line authority shall be held to a minimum...²¹

A major task of the program manager..., is to develop and tailor an acquisition strategy for the total program...²²

Contract actions shall be a major responsibility of the program manager... The program manager shall ensure that contract types are consistent with program characteristics, including the risk to be shared by the contractor and the government...²³

Management thresholds shall be established at Milestone II by the DOD Component and approved by the Secretary of Defense for selected performance, cost and schedule parameters to reflect reasonable variances for the estimates documented in the DCP...²⁴

As delineation of specific authorities and responsibilities of the program manager has been left to the Service Secretary to enunciate, it is pertinent to the discussion to examine the Navy's implementing instruction to the DOD Directive, Secretary of the Navy Instruction (SECNAVINST) 5000.1. From the outset, it should be noted that the current issuance of that instruction is dated 13 March 1972, and incorporates therein as Enclosure 1, the 13 July 1971 edition of the DOD Directive 5000.1. In examining this same instruction, the Logistics Management Institute (LMI) Task 72-6 team investigating the authority and responsibilities of the Program Manager, commented that "in our opinion, the SECNAV Instruction is an unusually clear and effective formal Departmental implementation of the DOD Directive".²⁵ Enclosure (3) to SECNAVINST 5000.1 sets forth the general policy, responsibilities and relationships within the Navy Department systems acquisition management process. The following provisions are most germane:

Use of the terms Project Manager/Project Management shall be limited to designated Projects, and will not be employed for other work efforts within the Department of the Navy.²⁶

Designated Project Managers shall report directly to their chartering authority and such reporting relationships shall be clearly delineated in each charter...²⁷

Unless specifically waived by the CNM or CMC, each charter shall, by reference to this Instruction, include specific delegation of the following authority to:

Make necessary technical and business management decisions on all matters within the scope of the charter, other than

those for which an appropriate Contracting Officer is responsible.

Exercise control over all resources authorized, allocated for obligation, and approved in the Budget and Five Year Defense Program.

Establish work tasks, schedules for accomplishment, and to approve cost estimates and procurement requests.

Issue under the Project Manager's own signature, necessary correspondence, technical directives, planning directives, management plans, instructions etc., to ensure proper management of the project.

.....

Communication, action or inaction, in any form which contractors may interpret as directional in nature shall be conducted through or with the concurrence of an appropriately assigned contracting officer.²⁸

Within their chartered responsibilities, designated Project Managers shall exercise technical and business management direction over the accomplishment of project objectives. This includes, but is not limited to, responsibility for:

(1) feasibility determinations; (2) conduct of trade-off analysis and cost effectiveness studies within cost, performance, broad characteristics and schedule parameters established by the CNO and/or CMC; (3) approval of system designs, engineering releases for production, engineering reports, and engineering changes; (4) ensuring the implementation and direction of programs to correct equipment deficiencies; (5) ensuring proper selection, tailoring and application of techniques and management disciplines required for problem identification, appropriate assessment of program progress and timely reporting of same to higher authority; (6) ensuring timely planning, including a Project Master Plan and a Transition/Disestablishment Plan; and (7) ensuring compliance with the provisions of instructions referenced by enclosure (4) hereto.²⁹

.....

Project and Acquisition Managers will be fully supported by Navy functional organizations, generally those within a SYSCOM or Bureau. Functional managers and staff personnel are responsible for recommending certain actions; however, decision responsibility rests with the Project or Acquisition Manager. Where the Project or Acquisition Manager decides to act contrary to functional policies and objectives, the matter will be referred by him to higher authority for resolution. Actions directed by the Project or

Acquisition Manager, however, shall be pursued during the period pending resolution. The purpose of this provision is not to confer unbridled authority upon designated Project or Acquisition Managers; rather, the intent is to specify the mechanism for resolving differences, and to preclude disruption of the acquisition process.³⁰

Concerning the preceding discussion of SECNAVINST 5000.1, three observations can be made. First the Navy uses the terms "Project Manager" and "Acquisition Manager" throughout the Instruction. The DOD Directive, on the other hand, addresses that person in charge of a major system acquisition as the "Program Manager". In the basic instruction, this matter is clarified by pointing out that the term "project management" should be considered as being synonymous with "program management". The term "Project Manager" therefore, is restricted in usage to refer to that individual who is responsible for the acquisition of a major system meeting the criteria of the DOD Directive. On the other hand, as a means of distinguishing between those efforts requiring OSD level monitorship and other SYSCOM acquisition efforts, the term "Acquisition Manager" is introduced to refer solely to the latter.

Secondly, from the language of SECNAVINST 5000.1 (see above), it can be seen that, while the Program Manager is responsible for "technical and business management decisions" on all matters within the scope of his charter, the Instruction also recognizes the crucial role played by the Contracting Officer, when it qualified the preceding by excepting "those (matters) for which an appropriate Contracting Officer is responsible". The importance of this individual's technical expertise and knowledge of contractual matters is further recognized in the passage wherein it is stated that any action or inaction which may cause the contractor to feel that the scope of the work has changed must be taken "with the concurrence of an appropriately assigned Contracting Officer" (above). This resulting system of "check and balance"

is further emphasized by the final paragraph appearing above, which states in essence that the functional organization must fully support the Program Manager by recommending a course of action or solution to a problem, but that the responsibility for the final decision rests with the Project Manager.

Consideration of this concept leads to the third point of discussion, namely that of the potential for conflict. SECNAVINST 5000.1 not only recognizes that disagreements will naturally occur in the course of doing business, but it also provides for their ultimate resolution by referral to higher authority above the Program Manager and the functional organization representative. The intent of the language contained therein, as seen previously, is "to specify the mechanism for resolving of differences, and to preclude the disruption of the acquisition process". A closer examination of this matter of conflict will now be undertaken in the pages which follow.

SECTION IV
THE CONTRACTING OFFICER AND THE PROGRAM MANAGER
IN THE ACQUISITION MANAGEMENT ARENA

As has been mentioned previously, the Navy, through its reliance upon a small Program Office of fully dedicated personnel which is supported to the maximum extent by personnel of the various functional organizations, has created an environment in which some conflict will naturally result during the course of conducting business. Before looking more closely into this matter of conflict, however, some additional clarification of what is meant by usage of the word itself would be appropriate. Webster's New World Dictionary of the American Language defines conflict as "to clash; be antagonistic, incompatible or contradictory... sharp disagreement or opposition, as of interests or ideas".³¹ Perhaps a less rigidly formal, more behavioristic approach to such a definition, would be to say simply that "conflict is a state of unresolved difference between two individuals, an individual and a group, or two groups. The difference can be real or imaginary".³²

Having defined "conflict" for the purpose at hand, it is important to recognize that there are both positive as well as negative effects which may be realized from any given situation involving such conflict. The effect may be positive when "it encourages creativity, new looks at old conditions, the clarification of points of view, and the development of human capabilities to handle interpersonal differences".³³ On the other hand, "conflict can be negative when it creates resistance to change, establishes turmoil in organization or interpersonal relations, fosters distrust, builds a feeling of defeat, or widens the chasm of misunderstanding".³⁴

This is an important aspect which is often overlooked. As "the meaning

of conflict is established by its participants, since it is people who attach value definition to it",³⁵ those who consider the usage of the word to have only bad or harmful connotations, attempt to stifle or eliminate conflict, thereby losing any positive benefits which it may have been possible to achieve.

With this perspective in mind, several areas of conflict between personnel of two Program Offices and the Contracts Directorate at NAVSEA will now be discussed. The first two areas are considered to be examples of good, "healthy" organizational conflict, for as in the words of one contracting officer interviewed, "we are always able to work out our differences. It is not a matter of win or lose and the issues are seldom clearly black or white but mostly shades of grey". In contrast, the last issue presented represents a more negatively slanted, harmful aspect of organizational conflict.

The first area of consideration really centers around the question of how far does the authority and responsibility of the Program Manager extend in the overall business matters of the program with respect to the efforts of his contracting officer? We have seen previously that SECNAVINST 5000.1 states that the Program Manager (PM) shall have authority to "make necessary technical and business management decisions on all matters within the scope of the charter, other than those for which an appropriate Contracting Officer is responsible".³⁶ It also states that the PM shall "exercise control over all resources authorized, allocated for obligation, and approved in the Budget..."³⁷ As one PM put it, "the business aspects of the project are my business, how can there be any conflict?" In other words, in terms of any functions performed by the Contracting Officer, isn't the PM ultimately responsible, at least in the sense that any actions taken by the Contracting Officer will

ultimately impact upon those management areas for which the PM is responsible? His Contracting Officer agreed that the PM's charter placed the technical and financial aspects of the program office under his cognizance, but he stated that the "Contracting Officer has to be a stand-alone contracting officer. He performs a service to the program manager, but has the contracting warrant and must look out for the Government's best interests".

It is apparent from the statements presented, that each individual perceives the role of the other in slightly different terms than does that individual himself, perceive his own role. This potential source of conflict would seem to boil down to the issue of "check and balance" mentioned earlier. The PM indicated that he felt this separation of the contracting officer from the program management office was not only unnecessary but undesirable. While the Contracting Officer, on the other hand, expressed quite the opposite opinion. The governing SECNAVINST does appear to be clear on this question, and both individuals agreed that the Instruction did provide an adequate means for resolving any points of conflict. Thusly, differences which arose were ultimately reconciled, although it was apparently necessary at times to push the issue up the chain of command for final resolution.

A second source of conflict uncovered, centered around the method of procurement to be utilized and was also related to the type of contract thought to be most appropriate in a given procurement situation. From the PM point of view it seemed to be again an outgrowth of the issue of how much control over the technical and business management decisions did the PM have? There was a natural concern for matters involving cost, schedule and technical performance, the proper emphasis to be placed upon each of these factors and, in turn, the best contractual method of conveying this emphasis to the con-

tractor. On the part of the Contracting Officer, it was more a question of what did the regulations require in the given situation and were the desires of the PM compatible with the specific direction required by those regulations? One contracting officer related that his PM wanted a Firm Fixed Price (FFP) contract utilizing Formal Advertising because personnel in the Program Office due to past experiences were very dubious of competitive negotiations. The Contracting Officer, on the other hand, felt that Formal Advertising was inappropriate under the given circumstances, and that by negotiating, the contractor could be brought under contract much quicker.

Briefly looking at the applicable governing directives, the DODD 5000.1 states in part that "the program manager shall ensure that contract types are consistent with program characteristics including the risk to be shared by the contractor and the government."³⁸ SECNAVINST 5000.1, does not specifically address authority for selection of contract type, and so the more general statement of responsibility for "technical and business management decisions on all matters within the scope of the charter, other than those for which an appropriate Contracting Officer is responsible"³⁹, must again be invoked. From the discussion of Section II, it may be recalled that the ASPR does provide guidance for the selection of contract types by the contracting officer to be utilized in any given procurement effort. Therefore, to summarize, although selection of contract type and the method of procurement are issues which often lead to conflict, the directives would appear to provide adequate guidance for the resolution of any resulting disagreements, although there is some lack of consistency in the SECNAV implementation of the DOD Directive. This lack of consistency mentioned in passing is considered to be outside the scope of this endeavor, however, and will not be pursued any further.

Finally, there is the problem of the amount of control which the PM has over his Contracting Officer. The major acquisition programs each have a contracting officer designated as responsible for performance of all contractual matters involved in that program. Unfortunately, however, this individual nearly always has other programs for which he must perform the same duties, and hence he is not always available, nor can he devote all of his time to any one program. This can often lead to difficulties, especially when the PM is under pressure from higher authority only to find when he looks to his Contracting Officer, for instance, to write a business clearance or negotiate a change to the contract, that the Contracting Officer is tied up with another program which has just gained high-level attention. The contracting personnel, likewise recognize the inherent problem - one contracting officer stated that "a contract is like a patient; you must take its temperature every few minutes to insure that it is not getting sicker". The ability of the contracting officer to provide the degree of service required to keep the "patient healthy" is restricted by the number of other programs for which he must also provide such service.

While both sides acknowledge the fact that there is a problem in this area, there are two reasons why its solution is impeded. First, there is a scarcity of civilian contracting specialist personnel overall, with a continuing drain on this resource being felt as jobs outside NAVSEA compete for the manpower resources available to fill them. Secondly, there is a grade ceiling placed upon the GS rating levels assigned to the NAVSEA Contracts Directorate which one PM feels has made it difficult to get enough experienced and highly qualified people to fully staff this functional support organization. As a result, conflict sometimes occurs between the PM who feels that his pro-

gram deserves the highest priority and full-time attention of his contracting officer, the particular contracting officer, and to some extent, his superiors who have to allocate their scarce resources as equitably as they can. Moreover, this conflict is not always satisfactorily resolved for all concerned for the reasons mentioned above. One Program Manager is strongly in favor of physical collocation of the Contracting Officer in the Program Office to insure his availability at all times. A Contracting Officer saw the solution as one of creating a small "autonomous" branch within the Contracts Directorate dedicated to the demands of the major program. Unfortunately, either solution would be dependent upon the availability of personnel to make such a staffing proposal feasible. At least for the present, this key ingredient is lacking, however, and the potential for recurring organizational disunity remains.

SECTION V

SUMMARY AND CONCLUSIONS

This research effort has had as its major purpose the examination of the effect of conflict upon the relationship between the Program Manager and his functional support organization representative, i.e. the Contracting Officer within a Navy acquisition command. In pursuing this task, the Contracting Officer was first introduced and his authority and some of his responsibilities as set forth in the ASPR were discussed. The discussion then turned to the Program Manager. The evolution of the systems approach to program management was highlighted leading to the first DOD Directive on major systems acquisition. The current revision of this directive was then reviewed recognizing that its emphasis was upon procedures and policies for Program Management at the DOD Component Head level. The Secretary of the Navy implementing instruction (SECNAVINST 5000.1) was then discussed in order to bring to light the authority and responsibilities of a program manager.

With this frame work of authorities and responsibilities of these two individuals established, the matter of conflict, which was loosely defined as any unresolved differences, which could be real or imaginary, was introduced. The importance of the need to recognize that conflict can have both positive and negative aspects, and that it is the perception of the individuals involved in a conflict situation that ultimately determines which effect of conflict is predominant, was stressed.

Finally, results of interviews were discussed involving several issues which tended to promote conflict within the organization. The language of the SECNAVINST concerning areas of disagreement was found to be adequate and to provide guidance for referral of unresolved differences to higher authority.

At the same time the overall responsibility of the Program Manager was recognized, by providing him the authority to carry out his own decisions in the interim pending a final ruling from his superiors in the chain of command.

Two of the potential sources of conflict were found to be of a "healthy" nature tending to allow the presentation of opposing points of view with successful resolution achieved. The third area of conflict, namely that of the simultaneous use of a single Contracting Officer for more than one program leading to a dilution of effort among all programs administered, was found to be one where conflicts were not resolvable on many occasions. However, it was pointed out that the problem was not the governing directives but rather it was a shortage of functional organizational manpower and an externally imposed civilian grade ceiling which hampered the parties involved in trying to resolve differences.

In closing, the words of Robert Townsend, author of "Up the Organization" seem to be most appropos. He said that conflict is "a sign of a healthy organization - up to a point. A good Manager doesn't try to eliminate conflict, he tries to keep it from wasting the energies of his people ..."40

FOOTNOTES

1. Fox, J. Ronald, Arming America: How the U.S. Buys Weapons, Cambridge: Harvard University Press, 1974, p. 173
2. Ibid., p. 173
3. Ibid., p. 173
4. Mankin, Richard T., Col. USA, "The Contracting Officer and the System Manager; An Analysis of Authorities and Responsibilities within the Department of Defense", (Master's Thesis, George Washington University, February 1974) p. 1.
5. Logistics Management Institute, Introduction to Military Program Management, Logistics Management Institute, Washington D.C., March 1971, p. 4
6. Mankin, op. cit., p. 2
7. Thybony, William W., "What's Happened to the Basics?" National Contract Management Journal, Spring 1975, p. A-72
8. U.S. Department of Defense, Armed Services Procurement Regulation, Washington D.C., Government Printing Office, 1976 Edition, 1-401, p. 1:78
9. ASPR, 1-402, p. 1:78
10. ASPR, 1-404, p. 1:78
11. ASPR, 2-104, p. 2:2
12. ASPR, 3-401, p. 3:22
13. ASPR, 3-801.1; p. 3:110
14. ASPR, 3-801.2, p. 3:110
15. ASPR, 26-101, p. 26:2
16. Mankin, op. cit., p. 32
17. Ibid., p. 32
18. Logistics Management Institute, The Program Manager Authority and Responsibilities, Logistics Management Institute, Washington D.C., August 1972, p. 6
19. U.S. Department of Defense, Major System Acquisitions, Directive Number 5000.1 (January 18, 1977) p. 2

20. Ibid., p. 5
21. Ibid., p. 5
22. Ibid., p. 6
23. Ibid., p. 6
24. Ibid., p. 7
25. LMI, op. cit., p. 9
26. U.S. Department of the Navy, Secretary of the Navy, System Acquisition in the Department of the Navy, Instruction Number 5000.1 (13 March 1972), Enclosure (3), p. 1
27. Ibid., p. 1
28. Ibid., p. 2
29. Ibid., p. 3
30. Ibid., p. 4
31. Merriam - Webster's New World Dictionary of the American Language, Concise Edition, 1964, "Conflict"
32. Pierre, Russell, Jr., LTCOL, USA and Peppers, Jerome G. Jr. "Conflict in Organizations : Good or Bad", Article appearing in Defense Management Journal, Vol. 13, No. 4, October 1977. Washington D.C.; Government Printing Office, p. 49
33. Ibid., p. 48
34. Ibid., p. 48
35. Ibid., p. 48
36. SECNAVINST 5000.1, p. 2
37. Ibid., p. 2
38. DOD Directive 5000.1, p. 6
39. SECNAVINST 5000.1, p. 2
40. Townsend, Robert, Up the Organization, New York, Alfred A. Knoph, 1970, p. 39

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